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SUBJECT: AMBASSADOR'S MEETING WITH SEOUL MAYOR LEE MYUNG-BAK

Classified By: Amb. Alexander Vershbow. Reasons 1.4 (b/d).

11. (C) SUMMARY: On March 7 the Ambassador met with Seoul Mayor Lee Myung-bak, a leading contender to become the opposition Grand National Party's (GNP)' nominee in next year's presidential election. Lee said that he was looking forward to his visit to the United States the week of March 13, in which he hoped to meet with senior Administration officials and Congressional representatives. Regarding the presidential election, Lee said his first priority was to ensure that the GNP would win the Blue House in 2007. He leveled a few criticisms at GNP leader Park Geun-hye, his main party rival, but saved the bulk of his scorn for President Roh. Recalling how in the 2002 election Roh had fueled anti-American sentiments in the aftermath of the accidental death of two schoolgirls struck by a USFK armored vehicle, Lee warned the Ambassador the FTA negotiations might rekindle similar antipathy toward the United States. The Mayor was also concerned that President Roh would use a possible North-South summit to influence the presidential election. On foreign policy, Lee accused President Roh of neglecting the ROK's relations with the United States and Japan, the nation's two most critical partners. Domestically, Lee said that Roh's economic policies had been too focused on income redistribution, hurting overall economic performance. END SUMMARY.

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NEC, MAYOR'S VISIT TO U.S.

12. (U) Accompanied by DCM and POL M/C, the Ambassador met with Mayor Lee and his staff over lunch in the Mayor's office, located only a few blocks from the Embassy. The Ambassador thanked the Mayor for security and administrative assistance over the years and hoped that the planned move to the New Embassy Compound in Yongsan would be well supported by the Seoul Municipal Government. Lee noted that the Embassy had chosen the site well because his City Hall would also be moved to Yongsan after USFK moved out.

13. (U) Lee thanked the Ambassador for the Embassy's help in arranging several meetings during his upcoming visit to Washington, New York and Los Angeles. He joked that his activities would be so closely covered by the Korean press that he would have no real freedom of movement. He said his visit would include meetings with congressional representatives, senior administration officials and Korean communities, as well as remarks to several think-tanks.

U.S.-ROK RELATIONS, FTA, ANTI-AMERICANISM

14. (C) Responding to Lee's request for an assessment of U.S.-ROK relations, the Ambassador said that, overall, the alliance was in good shape. The two partners had made good progress on the security front. Recent achievements included agreements to restructure the American troop presence on the Peninsula and to move the Yongsan garrison from downtown Seoul to Pyongtaek. The two countries had also come to an agreement on the issue of strategic flexibility. On the economic side, the FTA negotiations, which were slated to begin in June, if successful would bring great benefits to both countries. Finally, the Ambassador noted that Washington's and Seoul's overall objectives toward North Korea remained in line, despite some tactical differences which the press loved to exaggerate.

15. (C) Lee replied that he was quite concerned about the FTA negotiations given the heightened political atmosphere of the upcoming presidential election in 2007. The United States should be careful not to allow the negotiations to drag out, he said, as the Roh government would use it as a pretext to fan existing anti-Americanism and to take advantage of discontent with the agreement. Noting that the negotiations would be especially sensitive for the farmers, known to be very militant, Lee recalled that the outcome of the last presidential election in 2002 would have been different had it not been for the death of the two school girls.

16. (C) Lee charged that some in the Blue House were ideologically opposed to the United States. As for himself, he believed that South Korea must not do anything rash that would threaten its democracy or market economy. Although he had been a radical as a student, he had gained an appreciation of the importance of market principles through his experience in business and public office.

NORTH KOREA

17. (C) Lee said that he was also concerned that the Roh government and the ruling party might use the ROKG's North Korea policy to their electoral advantage. It was likely that former President Kim Dae-jung would go to Pyongyang in June, where he might reiterate his proposal for a loose confederation between the two Koreas and would probably propose a second North-South summit, which could be held in Cheju Island. Another possibility was that Roh would introduce constitutional revisions to pave the way for a confederation. Lee said that he had asked GNP legislators to resist all constitutional revisions until after the next presidential election.

18. (C) Turning to North Korea, Lee expressed his conviction that nothing would change as long as Kim Jong-il remained in power. On the other hand, he said there was no sign of impending regime change. The regime could not survive without outside assistance, and the ROK and China had shown their readiness to step in to fill the void resulting from any reduction in U.S. aid.

19. (C) Asked about prospects for the Six Party Talks, the Ambassador responded that, while Washington absolutely desired a diplomatic solution to the North Korean nuclear problem and a transformation of its relations with Pyongyang, many were doubtful that North Korea had made a similar decision. Its recent actions and illicit activities were not encouraging signs. While the United States must continue to keep the door open to a negotiated solution, he said, it was up to North Korea to take the necessary steps.

ROK-JAPAN RELATIONS

10. (C) Asked by DCM about his views on the ROK-Japan relationship, Lee said that Japan was second only to the

United States in foreign policy importance for South Korea. It was ironic that despite the strained relationship between President Roh and PM Koizumi, the two countries enjoyed excellent people-to-people contacts, including extensive cultural exchanges. It seemed that Roh and Koizumi were interested only in feeding nationalism at home to gain domestic political advantage, Lee assessed. In the absence of ROKG leadership, the GNP had taken it upon itself to try to improve political relations. Lee noted that GNP Chairwoman Park Geun-Hywe was currently in Japan and that he himself would visit in April.

DOMESTIC ISSUES

¶11. (C) Lee was highly critical of the government's economic policies, especially its attempts to redistribute wealth. In seeking to address the problem of too much concentration of wealth, the ROKG had swung the pendulum too far to the other side. Lee referred to his own personal history of having overcome extreme poverty, and declared that there was nothing wrong with making money.

¶12. (C) Commenting on his recent spat with GNP leader Park Geun-hye over his remark that GNP legislators should take their work more seriously, Lee said that Park had taken a mere jest far too seriously. He opined that, because Park had lost her parents at a young age, she did not have much of a sense of humor. Nevertheless, he said, since GNP politicians should concentrate their energies on attacking the ruling party and President Roh rather than each other, he had refrained from responding to Park's criticisms.

¶13. (C) Commenting on the growing controversy over PM Lee Hae-chan's recent "inappropriate golf" game, Lee said that Koreans no longer regarded golf as an activity of the rich and famous. Rather, the Prime Minister had made a mistake in his choice of playing partners, as some of them were under investigation for malfeasance. Public irritation was exacerbated by the fact that the PM chose to golf on March 1, which not only marks Independence Movement Day but also happened to coincide with a serious rail workers' strike. The Mayor assessed that President Roh would come back from his visit to Africa next week and decide whether PM Lee should resign.

COMMENT

¶14. (C) Lee Myung-bak has become the focus of considerable attention as polls show him in the lead among potential Blue House contenders. The last major poll showed him with 29% support, followed by former PM Goh Kun (24%) and Park Geun-hye (18%). Our ruling Uri Party contacts say they are salivating at the possibility of facing the mayor, as they possess a thick file of documented "irregularities" committed by Lee and his company during his nearly two-decade stint as head of Hyundai Construction. Uri contacts also note that Lee had to resign his National Assembly seat in 1998 over charges of election law violations, although he was subsequently acquitted. Uri would far prefer to face Lee than Park Geun-hye, who has deep support among the many Koreans who still worship her father, Park Chung-hee.

¶15. (C) Campaign spin aside, it is clear that Lee has struck a chord among Koreans who seek change. According to Lee's supporters, South Koreans are yearning for an energetic leader who will lead Korea out of its current economic malaise, not a run-of-the-mill politician obsessed with factional politics. They hope that a proven business leader like Lee might be able to rejuvenate the economy and make the current how-to-divide-the-pie debate moot. Lee's supporters claim that he has shown the ability to deliver, having initiated and concluded a number of ambitious projects as mayor, key among which is the much-acclaimed restoration of Seoul's once paved-over and polluted Cheonggye Stream into a showcase canal and ecological park area in the heart of Seoul.

VERSHBOW